

The agreements are included to provide general information on DWR's contracts to interested parties. They represent the terms generally acceptable to DWR and similar to those in past agreements; however, in the future particular circumstances may necessitate diversion from these terms and negotiation of new terms.

Standard California Department of Water Resources Terms and Conditions for ISDA Agreements

1. Form for Transactions: International Swap Dealers Association, Inc. (ISDA) 1992 Master Agreement

2. Credit Support Annex: Form is to be International Swap Dealers Association, Inc. 1994 Credit Support Annex. Terms of Paragraph 13, including but not limited to credit terms, to be satisfactory to CDWR in its sole discretion. Any credit terms tied to published credit ratings must be tied solely to the credit rating applicable to CDWR's bonds issued pursuant to §80130 of the California Water Code.

3. Schedule to the Master Agreement: Schedule terms to be satisfactory to CDWR in its sole discretion, including, but not limited to, the following:

- For payments on Early Termination, "Market Quotation" and "Second Method" shall apply.
- Governing law: "California"
- Jurisdiction: Section 13(b)(i) shall be amended to read: "(i) submits to the exclusive jurisdiction of the courts of the State of California."
- Waiver of Immunities: Section 13(d) shall be amended to read in its entirety as follows: "California law authorizes suits based on contract against the State or its agencies, and CDWR agrees that it will not assert any immunity it may have as a state agency against such lawsuits filed in California state court."
- Representations:
 - Section 3(a)(ii) shall be amended to read in its entirety:

Powers. It has the power (in the case of CDWR, pursuant to the Authorizing Law) to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement to which it is a party and has taken all necessary action and made all necessary determinations and finds to authorize such execution, delivery and performance;

- Section 3 shall be amended by adding the following subsection, which shall only apply to CDWR:

Non-Speculation. This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its natural gas price exposure and not for purposes of speculation or other inappropriate purposes."

- Section 3(c) of this Agreement shall be amended to read in its entirety as follows:

Absence of Litigation. There is not pending or, to its knowledge, credibly threatened against it or any of its Affiliates any meritorious action, suit or proceedings at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that, in its reasonable opinion or belief, is likely to succeed on its merits and affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

- Limited Recourse: the schedule shall contain the following text:

Limited Recourse. The obligation of CDWR to make payments hereunder shall be limited solely to the Department of Water Resources Electric Power Fund established by Section 80200 of the Water Code (the "Fund") and shall be payable from the revenues of the Fund subject to any priorities and limitations established with respect to the Fund's operating expenses in any indenture providing for the issuance of bonds issued by CDWR under Section 80130 *et seq.* of the Water Code or any agreement entered into by CDWR with the California Public Utilities Commission pursuant to Section 80110 of the Water Code. Notwithstanding anything to the contrary herein, no liens or pledges or assignments of the Fund are granted hereunder. Any liability of CDWR arising in connection with this Agreement or any claim based thereon or with respect thereto, including, but not limited to, any termination payment arising as the result of any breach or Event of Default under this Agreement, and any other payment obligation or liability of or judgment against CDWR hereunder, shall be satisfied solely from the Fund. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA ARE OR MAY BE PLEDGED FOR ANY PAYMENT UNDER THIS AGREEMENT. Revenues and assets of the State Water Resources Development System shall not be liable for or available to make payments or satisfy any obligation arising under this Agreement. Notwithstanding anything to the contrary in this Agreement (and, without limitation, Section 1(b) of this Agreement) or in any Transaction or Confirmation, in the event of any inconsistency between this Section and any provision in this Agreement or in any Transaction or Confirmation, this Section shall control.

- Severability: the schedule shall contain the following text:

Severability. If any term, provision, covenant, or condition of this Agreement, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Agreement had been executed with the invalid or unenforceable portion eliminated, so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Agreement and the deletion of such portion of this Agreement will not substantially impair the respective benefits or expectations of the parties to this Agreement; provided, however, that this Agreement shall be deemed to be invalid and unenforceable if, without limitation, the provisions of *[limited recourse provisions, Public Contracts Code provisions, any provision of Section 13, as amended]* shall be so held to be invalid or unenforceable.

- Statutory Determinations: the schedule shall contain the following text:

Government Code and Public Contracts Code Inapplicable to Transactions. Pursuant to Section 80014(b) of the Water Code of the State of California, DWR has determined that it would be detrimental to accomplishing the purposes of Division 27 (commencing with Section 80000) of the Water Code to make provisions of the Government Code of California and the Public Contracts Code of California applicable to state contracts, including, but not limited to, advertising and competitive bidding requirements and prompt payment requirements, applicable to this Contract and that such provisions and requirements are therefore not applicable to or incorporated in this Contract.

- Additional Defined Terms: the schedule shall include the following defined terms:
 - "Authorizing Law" means AB 1X (Chapter 4 of the Statutes of 2001, First extraordinary session), as amended by AB 1X 31 (Chapter 9 of the Statutes of 2001, First Extraordinary Session) codified as Section 80000 *et seq.* of the Water Code.